



City of San Pablo, California

Analysis of Procurement-Related Monetary Thresholds

Prepared by Eide Bailly LLP

June 28, 2026

BACKGROUND

As a component of Eide Bailly's advisory engagement with the City of San Pablo, the City requested our assistance with assessing the City's current monetary thresholds associated with 1) the delegated authority to the City Manager to enter into contracts and make other purchases and 2) the requirement to utilize formal and informal procurement methods for construction, services, materials, and equipment. Based upon our assessment of the City's current procurement policies, our assessment of the procurement policies of similar agencies in the region as further described below, and our knowledge of best practices, this report provides information to assist the City's Management and the City Council with evaluating proposed changes to the current monetary thresholds to account for 1) inflation since they were last updated, 2) the thresholds employed by peer agencies, and 3) industry best practices that facilitate efficient procurement.

Our services consisted of consulting services and do not constitute an audit, examination, review, or compilation of historical financial information conducted in accordance with generally accepted auditing standards or with other standards established by the American Institute of Certified Public Accountants (AICPA). Accordingly, we are unable to express an opinion or any other form of assurance with respect to any historical financial information. Our engagement was not designed and cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. Other matters of possible interest to the City might not be specifically addressed in this report.

EXECUTIVE SUMMARY

In summary, the analysis detailed in the remainder of this report supports a recommendation to increase the City's current procurement-related monetary thresholds. Since the City's procurement-related monetary thresholds were last updated in 2009 (formal and informal bidding) and 2017 (budget authority), the impact of inflation has resulted in:

- The City Manager's budget authority threshold amount of \$50,000 increasing to approximately \$67,000 when adjusted for the increase in the CPI and approximately \$80,000 when adjusted for the increase in the CCCI.
- The formal bidding threshold amount of \$25,000 increasing to approximately \$41,000 when adjusted for the increase in the Consumer Price Index (CPI) for the San Francisco-Oakland-Hayward MSA and \$48,000 when adjusted for the increase in the California Construction Cost Index (CCCI).

The average delegated approval authority reflected in our survey of peer agencies is:

- \$182,000 for construction procurements.
- \$92,500 for services procurements.
- \$97,500 for materials and equipment procurements.

City of San Pablo, California

The majority of the cities included in our survey of peer agencies:

- Adhere to the formal and informal procurement thresholds outlined in the California Uniform Construction Cost Accounting Act (CUPCCAA), as does the City.
- Have a formal procurement threshold for non-construction procurements of \$100,000 or more and an informal procurement threshold for non-construction procurements of \$10,000 or more.

ANALYSIS OF INFLATION

Per the City's request, we analyzed the impact of inflation on the City's monetary thresholds between the time the City last amended the procurement-related sections of its municipal code in November 2009 (formal and informal bidding) and January 2017 (budget authority) versus today. There are two industry standards for assessing inflation related to procurement in California local governments:

- The change in the Consumer Price Index (CPI) for the City's metropolitan statistical area
- The change in the California Construction Cost Index (CCCI)

Our analysis of the impact of inflation on the City's historical monetary thresholds is summarized in the table below.

Value	2009	2017	2026	Change
CPI	222.166	271.626	363.211	
CPI-Adjusted Budget Authority Threshold		\$50,000	\$66,859	33.72%
CPI-Adjusted Formal Procurement Threshold	\$25,000		\$40,872	63.49%
CCCI	5,309	6,373	10,159	
CCCI-Adjusted Budget Authority Threshold		\$50,000	\$79,703	59.41%
CCCI-Adjusted Formal Procurement Threshold	\$25,000		\$47,839	91.35%

This data supports the assertion that there has been a significant reduction in the purchasing power of the current \$25,000 and \$50,000 monetary threshold since 2009 and 2017, respectively.

SELECTION OF PEER CITIES FOR SURVEY

Eide Bailly developed an appropriate selection of peer cities for purposes of surveying current monetary thresholds related to procurement using the following methodology. We started with the cities located in Alameda and Contra Costa County within proximity to the City of San Pablo and then filtered this list to eliminate cities with a total population and/or a total expenditure budget that was in our judgment significantly different than San Pablo's population and total budget. The resulting sample of 20 regional cities was utilized to gather survey data regarding procurement-related monetary thresholds. The table below lists the key data points for these 20 cities.

Agency Name	County	Population	City Type	2025/26 Total Expenditure Budget
City of San Pablo	Contra Costa County	31,468	General Law	\$68 Million
City of Alameda	Alameda County	80,023	Charter City	\$152 Million
City of Berkeley	Alameda County	127,654	Charter City	\$783 Million
City of Clayton	Contra Costa County	10,759	General Law City	\$6 Million
City of Concord	Contra Costa County	122,494	General Law City	\$285 Million
Town of Danville	Contra Costa County	43,190	General Law City	\$43 Million
City of Dublin	Alameda County	74,769	General Law City	\$140 Million
City of El Cerrito	Contra Costa County	26,166	Charter City	\$75 Million
City of Hercules	Contra Costa County	26,323	General Law City	\$47 Million
City of Lafayette	Contra Costa County	25,321	General Law City	\$43 Million
City of Livermore	Alameda County	86,118	General Law City	\$254 Million
City of Martinez	Contra Costa County	36,521	General Law City	\$97 Million
City of Orinda	Contra Costa County	19,412	General Law City	\$29 Million
City of Pinole	Contra Costa County	18,891	General Law City	\$95 Million
City of Pleasant Hill	Contra Costa County	33,853	General Law City	\$49 million
City of Pleasanton	Alameda County	76,149	General Law City	\$248 Million
City of Richmond	Contra Costa County	113,695	Charter City	\$594 Million
City of San Leandro	Alameda County	87,431	Charter City	\$273 Million
City of San Ramon	Contra Costa County	84,220	General Law City	\$149 Million
City of Union City	Alameda County	66,665	General Law City	\$184 Million
City of Walnut Creek	Contra Costa County	70,288	General Law City	\$184 Million

Following completion of the survey, Eide Bailly analyzed the data to narrow the list of survey cities, as appropriate, to eliminate cities that for various reasons were not suitable in our judgment to include in the survey data. Cities were eliminated for one of the following reasons:

- The City's procurement policies are informal and not documented, or only partially documented, via their municipal code (four cities).
- The City has not updated its monetary thresholds for 25 years or more (three cities).
- The City allows for non-construction procurements of any amount to be administratively approved if included in the adopted budget (two cities).
- The City's procurement policies are unusually conservative and inconsistent with best practices (one city).

BUDGET AUTHORITY SURVEY

The table below summarizes the results of Eide Bailly's survey of the authority delegated to the City Manager to enter into contracts and make other purchases in the 10 cities remaining from the original 20 cities surveyed.

Agency Name	Construction	Services	Materials and Equipment
City of San Pablo	\$50,000	\$50,000	\$50,000
City of Berkeley	\$200,000	\$50,000	\$100,000
City of Concord	\$220,000	\$95,000	\$95,000
City of Dublin	\$220,000	\$100,000	\$100,000
City of Hercules	\$100,000	\$50,000	\$50,000
City of Livermore	\$220,000	\$200,000	\$200,000
City of Orinda	\$220,000	\$60,000	\$60,000
City of Pinole	\$220,000	\$45,000	\$45,000
City of San Leandro	\$100,000	\$100,000	\$100,000
City of San Ramon	\$100,000	\$100,000	\$100,000
City of Walnut Creek	\$220,000	\$125,000	\$125,000
Peer City Average	\$182,000	\$92,500	\$97,500

As illustrated in the table, the majority of the surveyed cities have delegated monetary thresholds exceeding the City's current threshold of \$50,000. Specifically, for construction projects, the average amount is \$182,000, with most cities aligning their thresholds with the current formal bid threshold under CUPCCAA of \$220,000. For services and materials and supplies procurements, the average amounts are \$92,500 and \$97,500, respectively. This data supports a recommendation to increase the City Manager's delegated authority from \$50,000 to \$100,000.

From a best practices perspective, delegated monetary authority for approving procurements should be set at a level that balances administrative efficiency with oversight by elected officials. In modern procurement departments operating in alignment with best practices and with comprehensive policies and procedures, higher monetary thresholds provide for more efficient and timely procurement processes and service delivery to constituents. To ensure appropriate oversight, expenditures are approved via the budget process and reported through the check register or other reporting mechanisms to elected officials and the public. In our experience, the higher thresholds reflected in the table above are consistent with similar cities throughout California.

FORMAL AND INFORMAL PROCUREMENT SURVEY

At a high level, formal procurement processes require detailed specifications, formal advertisement, and a bid or proposal opening process, while informal procurement processes allow for the solicitation of multiple quotes (typically three or more) and an accelerated procurement process. It is common in public agencies and consistent with best practices to utilize informal procurement for most procurements, recognizing that formal procurement can be utilized on a discretionary basis, as needed and appropriate, even if not required. It should be noted that the City's thresholds for formal and informal procurement applicable to non-construction procurements were not updated in 2017 and have been in place since November of 2009.

The table below summarizes the results of Eide Bailly's survey of the thresholds at which formal and informal procurement are required in the 10 cities remaining from the original 20 cities surveyed. Several of the cities included in the survey have not opted into the provisions of CUPCCAA, which accounts for their \$5,000 formal construction procurement threshold as required by the California Public Contract Code in the absence of opting into CUPCCAA participation. Several cities also did not have information readily available detailing their monetary thresholds for non-construction procurements.

Agency Name	Construction		Services		Materials and Equipment	
	Formal	Informal	Formal	Informal	Formal	Informal
City of San Pablo	\$220,000	\$75,000	\$25,000	\$5,000	\$25,000	\$5,000
City of Berkeley	N/A	N/A	N/A	N/A	N/A	N/A
City of Concord	\$220,000	\$75,000	\$85,000	\$10,000	\$85,000	\$10,000
City of Dublin	\$220,000	\$75,000	\$100,000	\$50,000	\$100,000	\$50,000
City of Hercules	\$220,000	\$75,000	N/A	N/A	N/A	N/A
City of Livermore	\$220,000	\$75,000	\$100,000	\$10,000	\$100,000	\$10,000
City of Orinda	\$220,000	\$75,000	\$60,000	\$10,000	\$60,000	\$10,000
City of Pinole	\$220,000	\$75,000	N/A	N/A	N/A	N/A
City of San Leandro	\$5,000	N/A	\$200,000	\$60,000	\$200,000	\$60,000
City of San Ramon	\$5,000	N/A	N/A	\$15,000	N/A	\$15,000
City of Walnut Creek	\$220,000	\$75,000	\$100,000	\$50,000	\$50,000	\$10,000

As illustrated in the table, the majority of the surveyed cities have construction procurement thresholds in alignment with the City's thresholds. For non-construction procurements, all of the surveyed cities have delegated monetary thresholds for formal and informal procurements exceeding the City's current thresholds of \$25,000 and \$5,000, respectively. This data supports a recommendation to increase these thresholds to \$100,000 and \$10,000, respectively. Aligning the threshold for formal non-construction procurement with the threshold for City Council approval of procurements also provides for a single monetary threshold that can be consistently applied.

From a best practices perspective and similar to the thresholds for City Council approval of procurements, these thresholds should be set at a level that balances administrative efficiency with oversight by elected officials. In modern procurement departments operating in alignment with best practices and with comprehensive policies and procedures, higher monetary thresholds for formal and informal procurement also provide for more efficient and timely procurement processes and service delivery to constituents. In our experience, the higher thresholds reflected in the table above are consistent with similar cities throughout California.